MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022 (2135)

BAC1064 – ACCOUNTING FOR DECISION MAKING

(All sections / Groups)

5 OCTOBER 2022
9.00 AM – 11.00 AM
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 4 pages excluding cover page with 4 Questions only.
2. Answer **ALL** questions.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Classify the following statements according to the answers provided.

Certified Public Accountants (CPA)		Corporation
Partnership		Assets
Securities Commission Malaysia (SCM)		Equities
Proprietorship		Expenses
Economic Entity Assumption		Transactions

1. Activities of an entity must be kept separate from its owner's activities.
2. Consumption of assets or services.
3. Ownership is limited to one person.
4. Offers expert accounting service to the general public.
5. Creditor and ownership claim against the assets of the business.
6. A separate legal entity under state laws.
7. Government agency that can mandate accounting rules.
8. An entity that is owned by two or more persons.
9. Future economic benefits.
10. Economic events recorded by accountants.

(10 marks)

Part B

Alia Company prepares monthly financial statements. Below are the selected accounts before adjustments as at 30 September 2022:

ALIA COMPANY
Trial Balance (Selected Accounts)
As at 30 September 2022

	Debit (RM)	Credit (RM)
Supplies	3,500	
Prepaid Insurance	5,400	
Equipment	18,200	
Accumulated Depreciation—Equipment		1,000
Unearned Rent Revenue		2,200

An analysis of the account balances by the company's accountant provided the following additional information:

1. A physical count of supplies revealed RM1,900 have been used on 30 September.
2. A two-year life insurance policy was purchased on 1 April for RM4,800.
3. Equipment depreciated RM3,000 per year.

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4. The amount of rent received in advance that remains unearned at 30 September is RM700.
5. Incurred sales manager's salary RM2,400.
6. Services provided but not recorded RM1,600.

Required:
Using the above additional information, indicate the adjusting entries for Alia Company for the month of September 2022. Show all workings.

(15 marks)

[TOTAL 25 MARKS]

QUESTION 2

Part A

The comparative condensed income statements of Mulia Company are shown below.

MULIA COMPANY
Comparative Condensed Income Statements
For the Years Ended 31 December

	2021 (RM)	2020 (RM)
Net sales	620,000	500,000
Cost of goods sold	450,000	400,000
Gross profit	170,000	100,000
Operating expenses	54,000	40,000
Net income	116,000	60,000

Required:
(a) Indicate a horizontal analysis of the income statement data for Mulia Company using 2020 as a base.

(5 marks)

(b) Indicate a vertical analysis of the income statement data for Mulia Company in columnar form for both years.

(10 marks)

Show all workings.

Part B

Imran Company prepares the following selected financial data as below:

	2021 (RM)	2020 (RM)
Net sales	800,000	520,000
Cost of goods sold	600,000	345,000
Inventory at end of year	65,000	85,000
Accounts receivable at end of year	140,000	110,000

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Required:
Indicate the following rate and ratios for the year 2021 and show all workings.

(a) Gross profit rate. (4 marks)
(b) Inventory turnover. (3 marks)
(c) Accounts receivable turnover. (3 marks)

[TOTAL 25 MARKS]

QUESTION 3

Part A

Pop Company produce and distributes Pop Soda Drink. The product is sold for RM2.00 per unit to retailers, who then charge their customers RM3.50 per unit. For the year 2021, management estimates the following revenues and costs.

	(RM)		(RM)
Sales	2,800,000	Selling expenses - variable	55,000
Direct materials	420,000	Selling expenses - fixed	42,000
Direct labor	350,000	Admin expenses - variable	45,000
Manufacturing overhead - variable	250,000	Admin expenses - fixed	54,000
Manufacturing overhead - fixed	160,000		

Required:
Based on the above information,
a) Indicate a CVP income statement for the year ended 31 December 2021. (7 marks)
b) Find the break-even point in:
   i. Units (4 marks)
   ii. Currency (RM) (2 marks)
c) Find the contribution margin ratio. (3 marks)

Round-up your answers to two decimal points. Show all workings.

Part B

Cost behavior analysis is the study of how specific costs respond to changes in the level of business activity. Some costs may change, others remain the same. Cost-volume-profit (CVP) analysis on the other hand, is the study of the effects of changes in costs and volume on a company's profits.

Required:
(a) Briefly describe cost behavior and indicate the THREE (3) types of cost behavior.

(6 marks)

(b) Indicate THREE (3) critical factors of CVP analysis towards management's decision making. (3 marks)

[TOTAL 25 MARKS]

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QUESTION 4

Jia Ying Company provided the following Statement of Profit and Loss for the year ended 2021:

JIA YING COMPANY
Statement of Profit or Loss
For the year ended 31 December 2021

	(RM)	(RM)
Sales Revenue		5,300,000
Less: Cost of goods sold		
Beginning inventory	1,600,000	
Purchases	3,800,000	
Goods available for sale	5,400,000	
Ending inventory	2,100,000	
Cost of goods sold		3,300,000
Gross profit		2,000,000
Less: Operating expenses		
Selling expenses	380,000	
Administrative expenses	540,000	920,000
Net income		1,080,000

Additional information during the year:
1. Administrative expenses include depreciation expense of RM 56,000.
2. Loss on disposal of Equipment amounted RM50,000.
3. Prepaid insurance decreased RM165,000.
4. Accounts receivable increased RM 157,000.
5. Office supplies decreased RM38,000.
6. Accrued expenses payable increased RM180,000.
7. Accounts payable to suppliers of merchandise decreased RM140,000.

Required:

(a) Based on the above information, prepare the Statement of Cash Flow until operating activities section for the year ended 31 December 2021, using the Indirect Method. Show all workings. (15 marks)

(b) Classify and briefly illustrate the THREE (3) significant cash activities pertaining to Statement of Cash Flows. (6 marks)

(c) Illustrate FOUR (4) examples of significant non-cash transactions. (4 marks)

[TOTAL 25 MARKS]

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